



RESEARCH REPORT

Catalog number	98-008
Date:	June 9, 1998
Subject:	Increase in Funeral Home Reimbursements for Indigent Burials
To:	David R. Smith, County Administrative Officer
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ISSUE

The purpose of this report is to determine the fairness of the current funeral home reimbursements and the necessity of raising those rates to a more appropriate level.

BACKGROUND

Arizona Revised Statutes (ARS) 36-831 which outlines the duty to bury the body of a dead person states in part, "*that if no other person is willing or financially able to bury or provide other funeral and disposition arrangements for a dead person, the county in which death occurs shall bury or place in a permanent care crypt the dead body or cremated remains of the dead body unless otherwise directed...by the written testamentary instruction of the decedent*". The Maricopa County Public Fiduciary Office pays a flat rate fee to those funeral homes willing to take responsibility for the disposition of the indigent dead. The Arizona Funeral Directors Association (AFDA) held it's annual convention in Tucson on June 3-6. The Office of Management and Budget was contacted by one of the association members who indicated that one of the things on their agenda is to seek a 25% increase in the indigent mortuary rates currently being paid by Maricopa County. The method by which Maricopa County handles the indigent deceased is as follows:

ARS 11-600 states "*When an examination has been completed by the medical examiner...and no other person takes charge of the body of the deceased, the medical examiner shall cause the body to be delivered to the funeral establishment,...for preservation, disinfection and final disposition. The medical examiner ...may establish geographical areas within the county and a rotation system whereby the bodies are delivered equally in sequence to all licensed funeral establishments in each geographical area. ...If there is not sufficient property in the estate of the deceased to pay the necessary expenses of the burial, the expenses shall be a legal charge against the county. Upon determination of indigency, the funeral establishment shall perform the normal county indigent burial, in the manner and for the fee being paid by the county.*" The manner dictated by the county is for refrigeration and burial only. In accordance with Section R9-19-312 of the Arizona Administrative Code, a body must

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be kept at below 38 degrees Fahrenheit unless embalmed. Maricopa County indigent burial rates does not include embalming, so refrigeration until burial is required. The fees paid are as indicated in Table 1.

The funeral establishment contacts Public Fiduciary when they have accepted an indigent body for disposition. Of the fifteen-(15) Arizona counties, seven use their Public Fiduciary Office to oversee indigent burials, seven administer the program through the Medical Assistance Program, and one county splits the duties between the two departments.

DISCUSSION

The rate paid for the burial or cremation of indigent bodies to AFDA has not increased since October of 1990. At that time the rates were raised from \$147.00 for an adult burial and \$115.00 for a child under 18 months to \$385.00 and \$250.00 respectively. Also, the rates for a cremation were raised to \$275.00 for an adult and \$150.00 for an infant. Cremation rates had been at \$231.00 and \$77.00 for each adult and infant respectively. The following table compares current Maricopa County indigent mortuary rates with the other five largest counties in the state.

Table 1. Comparison of Indigent Mortuary Rates for Six Largest Arizona Counties

COUNTY	Adult Refrigeration & Burial	Infant Refrigeration & Burial	Adult Cremation	Infant Cremation
MARICOPA	\$385.00	\$250.00	\$275.00	\$150.00
PIMA	\$725.00	\$35.00	\$650.00	No Charge
PINAL	\$850.00	\$850.00	\$850.00	\$850.00
YAVAPAI	\$450.00	\$450.00	\$450.00	\$450.00
MOHAVE	\$600.00	\$300.00	\$500.00	\$250.00
YUMA	\$775.00	\$275.00	\$400.00	\$400.00
Average *	\$680.00	\$382.00	\$570.00	\$390.00

* Excludes Maricopa County

As indicated by Table 1, Maricopa County pays less in almost all categories than most of the other counties in the comparison, and significantly less than the average. For

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refrigeration and burial of an indigent adult, Maricopa County pays 176% less than the average, and less than half of the average of \$570.00 for an adult cremation. Although the \$850.00 paid across the board for all services by Pinal County skews the overall average upward, Maricopa County still pays the lowest rates for indigent adult burial and cremation. Public Fiduciary has paid \$115,261 for indigent burials during the first ten months of the current fiscal year, with an estimated full year impact of \$138,313. OMB surveyed 9 of the 35 AFDA members in Maricopa County to compare the prices charged to a private citizen for similar mortuary services. The median price for an immediate burial is \$1,120. An immediate burial does not include services, viewing, cemetery plot, or a casket. Because of the large range in prices, the median is a more representative measure than the mean. The median price for direct cremation is \$1,045. According to Dorothy O'Connell of the Medical Examiner's Office, over the past three years, approximately 30% of funeral homes have stopped taking indigent burial cases because the fee paid by Maricopa County does not cover their expenses. They are however, very willing to take other cases because of the high profitability of non-indigent mortuary services.

CONCLUSION

- Maricopa County's indigent mortuary services rate is less than the other 5 largest counties in the state for adult indigent burial services.
- A 25% increase would cost Maricopa County approximately an additional \$34,578 annually in indigent burial services costs, based on FY 97/98 projections. Table 2 shows the mortuary prices for Maricopa County with the 25% increase.

Table 2. Indigent Mortuary Rates for Maricopa County with 25% Increase

COUNTY	Adult Refrigeration & Burial	Infant Refrigeration & Burial	Adult Cremation	Infant Cremation
MARICOPA*	\$480.00	\$315.00	\$345.00	\$190.00

* Prices rounded to nearest five dollars.

- With a 25% increase, Maricopa County would still be significantly below the average of the other counties surveyed.
- Maricopa County has not raised the rates since 1990. A proposed rate increase was contemplated but not enacted due to the FY 93-94 fiscal crisis.
- A rate increase is reasonable and will ensure funeral directors will be willing to continue to provide mortuary services for the county's indigent.

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RECOMMENDATION

Based on the information herein, OMB recommends that the Board of Supervisors approve up to a 25% increase if presented by the Arizona Funeral Directors Association.